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Scale of assessments for the apportionment of the expenses of the United Nations

Letter dated 5 July 2001 from the President of the General Assembly addressed to the Chairman of the Fifth Committee

I have the honour to transmit to you herewith a letter dated 29 June 2001 from the Chairman of the Committee on Contributions regarding its report on the requests for exemption under Article 19 of the Charter of the United Nations from Burundi, the Comoros, Georgia and the Republic of Moldova, for appropriate action by the Committee.

(*Signed*) Harri **Holkeri**

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Annex

Letter dated 29 June 2001 from the Chairman of the Committee on Contributions addressed to the President of the General Assembly

I have the honour to refer to rule 160 of the rules of procedure of the General Assembly, which provides that the Committee on Contributions shall advise the Assembly with regard to the application of Article 19 of the Charter of the United Nations. I also have the honour to refer to the requests for exemption under Article 19 from Burundi, the Comoros, Georgia and the Republic of Moldova, which you transmitted to me for appropriate action by the Committee.

In connection with those requests, the Committee has requested me to transmit to the General Assembly without delay the sections of its report on its sixty-first session dealing with those questions so as to facilitate early action by the Assembly. These are attached (see appendix).

(*Signed*) Ugo **Sessi**
Chairman, Committee on Contributions

Appendix

Sections of the report of the Committee on Contributions on its sixty-first session regarding requests for exemption under Article 19 of the Charter[a]

B. Requests for exemption under Article 19

23. The Committee recalled that, in its resolution 54/237 C, the General Assembly, inter alia, had urged all Member States in arrears requesting exemption under Article 19 to provide the fullest possible supporting information, including information on economic aggregates, government revenues and expenditure, foreign exchange resources, indebtedness, difficulties in meeting domestic or international financial obligations and any other information that might support the claim that failure to make necessary payments had been attributable to conditions beyond the control of the Member States. The Assembly also decided that requests for exemption under Article 19 must be submitted by Member States to the President of the General Assembly at least two weeks before the session of the Committee so as to ensure a complete review of the requests.

24. The Committee noted that, on the basis of the latter provision, requests for exemption under Article 19 should have been received by the President of the General Assembly by 25 May 2001 for consideration by the Committee at its sixty-first session. It also noted that an announcement to that effect was included in the *Journal of the United Nations* from 16 March to 25 May 2001. Three requests for exemption under Article 19 were received by the time specified in the resolution and one subsequently. By comparison, in 2000, the Committee considered requests from seven Member States and, in 1999, eleven.

25. The Committee noted that two of the Member States requesting exemption under Article 19 had presented multi-year payment plans for the payment of their arrears and that the representative of a third had indicated that the possibility of presenting such a plan would be considered by his Government. The Committee considered the question of multi-year payment plans, pursuant to its decision at its sixtieth session[b] and its mandate under General Assembly resolution 55/5 A. The results of that review are reflected in chapter IV below.

26. In considering the three requests presented within the time frame specified by the General Assembly, the Committee had before it information provided by the three Member States and the Secretariat. It also heard the views of a representative of the Organization of African Unity (OAU) and representatives of relevant units of the Secretariat as well as representatives of the three Member States concerned.

27. In order to facilitate early action on these requests for exemption under Article 19, the Committee authorized its Chairman to convey to the General Assembly without delay the related section of its report.

1. Burundi

28. The Committee had before it the text of a letter dated 25 June 2001 from the President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 21 June 2001 from the Permanent

Representative of Burundi to the United Nations, in which he requested an exemption under Article 19 of the Charter for Burundi.

29. The Committee recalled that, in its resolution 54/237 C, the General Assembly decided that requests for exemption under Article 19 must be submitted by Member States to the President of the General Assembly at least two weeks before the Committee's session so as to ensure a complete review of the requests. The Committee therefore decided to take no action on Burundi's request.

2. Comoros

30. The Committee had before it the text of a letter dated 23 May 2001 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 22 May 2001 from the Chargé d'affaires a.i. of the Permanent Mission of the Comoros to the United Nations. It also heard an oral representation by the Chargé d'affaires a.i. of the Permanent Mission of the Comoros to the United Nations.

31. In its written and oral representations, the Comoros pointed to the devastating social, political and economic impact on his country of the four-year long separatist crisis in Anjouan, one of the four islands of the Comoros. Not only had this crisis destroyed the country's fragile economy, it had also forced hundreds of Comorian citizens to flee from Anjouan to Grand Comore and Moheli. On 17 February 2001, following support and assistance from OAU and other interested parties, the Government of the Comoros and the separatist movement signed an agreement to end the crisis. The different parties have agreed on the creation of a new Comorian entity and a special commission was established to follow up and implement the agreement. The Secretary-General of the United Nations has expressed support for the process, including the possibility of assistance for the forthcoming elections. The representative of Comoros also indicated that, despite the difficulties facing his country and as a symbol of its commitment to the United Nations, the Government had recently made a payment of over $68,000. As regards the possibility of the Comoros presenting a schedule for the payment of its arrears to the United Nations, he indicated that this would be considered by the new government.

32. The Committee recalled that the Comoros had been on the list of the least developed countries since 1977. The Committee noted the severe economic and social impact of the political problems that have beset the Comoros for a number of years. It also noted the more promising political background since the signing of the agreement earlier this year. In that context, the Committee was informed that OAU had suspended sanctions imposed on the Comoros following the coup d'état in 1999 and that they would be lifted following implementation of the recent agreements. Sanctions relating to the non-payment by the Comoros of arrears to OAU were a separate matter that could be addressed through agreement on a payments schedule. OAU had also appealed to other African countries and to the international community to provide assistance to the Comoros. In that context, the Committee noted the active interest of a number of countries and organizations and the possibility of the convening of a donors meeting for the Comoros.

33. The Committee welcomed the payment by the Comoros, the first since 1996. It also noted the indication that the future government would consider the possibility of a schedule of future payments. At the same time, it recognized the formidable

problems that would face the country, even after the implementation of the political agreement.

34. Accordingly, the Committee concluded that the failure of the Comoros to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that the Comoros be permitted to vote until 30 June 2002.

3. Georgia

35. The Committee had before it the text of a letter dated 5 February 2001 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 1 February 2001 from the Permanent Representative of Georgia to the United Nations, transmitting a letter dated 26 January 2001 from the Minister for Foreign Affairs of Georgia concerning its schedule of payments to the United Nations. The Committee also had before it the text of a letter dated 23 May 2001 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 22 May 2001 from the Permanent Representative of Georgia to the United Nations, which transmitted a letter dated 18 May 2001 from the Minister for Foreign Affairs of Georgia requesting an exemption under Article 19. In addition, the Committee had before it the text of a letter dated 13 June 2001 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 11 June 2001 from the Permanent Representative of Georgia to the United Nations, which forwarded information concerning the economic situation of his country. The Committee also heard an oral representation by the Deputy Minister for Foreign Affairs of Georgia.

36. In its written and oral representations, Georgia outlined the serious transitional challenges that it was facing. While the economy had experienced modest growth and structural reforms were proceeding, problems remained in a number of areas, including tax and customs administration. Weak government revenue performance led to increased arrears in core expenditures, including wages and pensions, and seriously restricted expenditures for health, education and the rehabilitation of infrastructure, which made conditions for investment and economic growth more difficult. The separatist problems in two regions had led to lawlessness and smuggling, which undermined the economy and government revenues. Economic problems, including the problem of internally displaced persons, had meant that 60 per cent of the population was below the poverty line. This situation, as pointed out by Georgia, had been exacerbated by a serious drought in 2001 and the effects of the earlier Russian economic crisis. In the longer run, favourable factors include the potential settlement of current conflicts, the planning for the construction of a major pipeline and other prospective projects in the energy and communication sectors.

37. In the meantime, however, Georgia was not able to pay all of its arrears to the United Nations. In this context, it recalled that, despite its serious problems, it had made significant payments to the United Nations since its admission. While it welcomed recent large reductions in its rate of assessment, it recalled that its initial rates of assessment following the dissolution of the former Union of Soviet Socialist Republics had been excessive. It reaffirmed its commitment to meeting its obligations to the United Nations and put forward the following revised schedule of payments to eliminate its arrears by 2007:

Year	*Percentage of arrears*	*Amount of repayment (United States dollars)*	
2001	10	711 549	plus 89 841
2002	10	711 549	plus contribution for the current year
2003	10	711 549	"
2004	15	1 067 324	"
2005	15	1 067 324	"
2006	20	1 423 094	"
2007	20	1 423 094	"
Total		**7 205 324**	plus contributions for 2001-2007

38. The Committee noted the serious continuing problems facing Georgia, including: the internal conflict; the effects of drought and the economic situation in the Russian Federation, a major trading partner; and energy shortages. It also noted Georgia's payment of $300,000 in May 2001 and welcomed its commitment to the steady reduction of its arrears to the United Nations. In this connection, it noted Georgia's proposed schedule of payments. It was informed that Georgia would keep the schedule under review and would increase its payments if this became possible. The Committee encouraged Georgia to do so.

39. Based on its review of the information provided, the Committee concluded that the failure of Georgia to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Georgia be permitted to vote until 30 June 2002.

4. Republic of Moldova

40. The Committee had before it the text of a letter dated 24 May 2001 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 24 May 2001 from the Permanent Representative of the Republic of Moldova to the United Nations requesting an exemption under Article 19. It also had before it the text of a note dated 1 June 2001 from the Permanent Mission of the Republic of Moldova to the United Nations addressed to the secretariat of the Committee on Contributions, transmitting a presentation on its application under Article 19. It also heard an oral representation from a representative of the Republic of Moldova.

41. In its written and oral representations, the Republic of Moldova outlined the serious economic situation that it was facing. In addition to problems stemming from a process of structural and economic reforms in order to establish a basic framework for a market economy, the country was hit by the financial crisis in 1998 in the Russian Federation, a major trading partner, a serious drought and rising prices for imported energy, on which the country is heavily dependent. In addition, the Government's lack of control of the separatist Transnistria region has had a serious impact on the economy and government revenues. In addition to security concerns, the region accounts for about 30 per cent of the country's industrial base. The lack of control of the region has also meant the loss of an estimated 25 per cent of revenues and other losses through illegal activities. As a result of the situation in the Transnistria region, there are now over 200,000 internally displaced persons in

the Republic. Although there were some modest signs of improvement since 1998 and the Government hoped for growth of 3 to 5 per cent in the gross domestic product (GDP) in 2001, the Republic of Moldova was heavily dependent on international assistance, qualifying for concessional loans from the World Bank and the International Monetary Fund (IMF).

42. Despite its problems, the Republic of Moldova indicated its commitment to meeting its obligations to the United Nations. In this connection, it pointed out that its arrears resulted from an unfair redistribution of the assessments of the former Union of Soviet Socialist Republics. It indicated that it would pay the amount of its regular budget assessment for 2001 by 30 June 2001 and submitted the following schedule of payments to cover its remaining assessed contributions to the United Nations:

2001	US$ 180 000
2002	US$ 500 000
2003	US$ 800 000
2004	US$ 820 000
2005	US$ 1 000 000

43. The Committee noted the continuing serious problems faced by the Republic of Moldova. It also noted that the Republic of Moldova had the lowest per capita GDP in the region and that 60 per cent of the population had an income of less than $2 per day. It also noted the country's high level of debt, over 120 per cent of GDP, and the recent downgrading of its international credit rating. The Committee welcomed the Republic of Moldova's commitment to the elimination of its arrears to the United Nations and noted its proposed schedule of payments. The Committee noted that payments totalling just over $160,000 had been received by June 2001.

44. Based on its review of the information provided, the Committee concluded that the failure of the Republic of Moldova to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that the Republic of Moldova be permitted to vote until 30 June 2002.

Notes

[a] See *Official Records of the General Assembly, Fifty-sixth Session, Supplement No. 11* (A/56/11).

[b] See ibid., *Fifty-fifth Session, Supplement No. 11* (A/55/11), para. 15.